

### 3. TECHNICAL

#### BASIC REQUIREMENT

The grantee must be able to implement the FTA-funded projects in accordance with the grant application, Master Agreement, and all applicable laws and regulations, using sound management practices.

#### AREAS TO BE EXAMINED

1. *Grant Reporting and Administration*
2. *Force Account Activities*
3. *Capital Leasing*
4. *Technical Oversight of Capital Projects*
5. *Oversight of Subrecipients, Transit Management and Service Contractors, and Lessees*

#### REFERENCES

1. [49 USC Chapter 53](#), Federal Transit Laws, Section 5307
2. [49 CFR Part 18](#), "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments"
3. [49 CFR Part 639](#), "Capital Leases"
4. [FTA Circular 5010.1D](#), "Grant Management Requirements"
5. [FTA C 9070.1F](#), "Elderly Individuals and Individuals with Disabilities Program Guidance and Application Instructions"
6. [FTA C 9050.1](#), The Job Access and Reverse Commute Program Guidance and Application Instructions"
7. [FTA C 9045.1](#), "New Freedom Program Guidance and Application Instructions"
8. [FTA Circular 5800.1](#), "Safety and Security Management Guidance for Major Capital Projects"

9. [FTA Master Agreement](#)

#### USEFUL WEBLINKS

[Section 5310 Performance Measures Reporting](#)

[Section 5316 Frequently Asked Questions](#)

[Section 5317 Frequently Asked Questions](#)

[Section 5316 and 5317 Performance Reporting](#)

[Federal Funding Accountability and Transparency Act Subaward Reporting System](#)

[www.USASpending.gov/news](http://www.USASpending.gov/news)

[P.L. 109-282 Federal Funding Accountability and Transparency Act of 2006](#)

[Office of Management and Budget Open Government Directive - Federal Spending Transparency](#)

[Construction Project Management Handbook \(2009 Update\)](#)

[Project and Construction Management Guidelines \(2003 Update\)](#)

[Project Management Oversight Lessons Learned](#)

[Quality Assurance and Quality Control Guidelines](#)

[Handbook for Purchasing a Small Transit Vehicle](#)

#### ADDITIONAL USEFUL INFORMATION

[FFR - Instruction Guide for Grantees](#)

[SF-425 - FFR Presentation](#)

(Both of these documents can be downloaded from TEAM-Web. Select the FFR webinars notice link and scroll to the bottom of the page to find the links.)

# QUESTIONS FOR THE REVIEW

1. *Who is responsible for grant administration?*
2. *Are Milestone/Progress Reports (MPRs) submitted for each open Section 5307 and 5309 grant at the required intervals (quarterly or annually) and on time? Are transit enhancement reports submitted annually? Are annual program status reports for each open Section 5310, 5316 and 5317 grant submitted by October 31?*
3. *Do reports contain all required information?*

## EXPLANATION

The grantee is responsible for administration of grants in compliance with the grant agreement and other incorporated documents, including statutes, regulations, the Master Agreement, and FTA circulars. There should be clear lines of authority and responsibility for grant administration and for preparing required reports to FTA.

## MPRs

MPRs are the primary written communication between Section 5307 and 5309 grantees and FTA, with regular progress reported up to four times a year. Grantees in small urbanized areas (populations less than 200,000) submit MPRs annually, no later than 30 days after the end of the Federal fiscal year (by October 30). However, FTA, at its discretion, can require quarterly reporting. For Section 5309 grants that include facility construction projects, the reports are due quarterly. Grantees in large urbanized areas (populations of 200,000 or more) submit MPRs 30 days after the end of each quarter. Quarters are based on the Federal fiscal year, beginning October 1. These reports should be submitted electronically using TEAM-Web.

The Common Rule (49 CFR Part 18) and FTA C 5010.1D detail the information that, at a minimum, must be included in these reports. Reporting on operating assistance is limited to the estimated and actual date when funding has been expended. Reports for other projects must include:

- a) Current status of each open ALI within the active/executed grant
- b) Narrative description of projects, status, problems encountered in implementation,

- specification preparation, bid solicitation, resolution of protests, and contract awards
- c) Detailed discussion of all budget or schedule changes
  - d) Dates of expected or actual requests for bid, delivery, etc.
  - e) Actual completion dates for completed milestones
  - f) Revised estimated completion dates when original estimated completion dates are not met accompanied by:
    - Explanation of why scheduled milestones or completion dates were not met
    - Identification of problem areas
    - Narrative on how the problems will be solved
  - g) Discussion of the expected impacts and the efforts to recover from the delays
  - h) Analysis of significant project cost variances using quantitative measures, such as hours worked, sections completed, or units delivered and discussion of completion and acceptance of equipment and construction or other work, together with a breakout of the costs incurred and required to complete the project
  - i) List of all outstanding claims exceeding \$100,000, and all claims settled during the reporting period accompanied by a brief description, estimated costs, and the reasons for the claims
  - j) List and brief description of all potential and executed change orders of amounts exceeding \$100,000, pending or settled, during the reporting period
  - k) List of claims or litigation involving third party contracts and potential third party contracts that:
    - Have a value exceeding \$100,000
    - Involve a controversial matter, irrespective of amount
    - Involve a highly publicized matter, irrespective of amount
  - l) List of all real property acquisition actions, including just compensation, property(s) under litigation, administrative settlements, and condemnation for each parcel during the reporting period

## Transit Enhancement Reports

A grantee in a UZA with a population of at least 200,000 must certify that it will: 1) expend not less than one percent of the amount it receives each fiscal year under Section 5307 for transit enhancements, and 2) submit with its 4<sup>th</sup> quarter MPR a report listing projects carried out in the preceding fiscal year with those funds. When several grantees are in a UZA with

at least 200,000 in population, each individual grantee is not required to spend one percent of its Section 5307 program funds on transit enhancements. Rather, the grantees together must spend one percent of the UZA's apportionment on projects and project elements that qualify as enhancements. The designated recipient or recipients have the responsibility for selecting (programming) all Section 5307 projects including transit enhancements. Where there are multiple designated recipients, they must coordinate the use of the one percent for transit enhancements and include the transit enhancements in the letter to FTA regarding the split of the urbanized area apportionment.

Transit enhancement reports are submitted as a narrative attachment to the fourth quarter MPR in TEAM-Web. The reports should include:

- Name of grantee(s) expending the enhancement funds
- UZA name and number
- FTA project number(s)
- Transit enhancement category or categories for which enhancement funds were obligated
- Brief description of enhancement by Federal fiscal year of funding and progress towards project implementation
- Activity line item codes from the approved budget(s)
- Amount awarded by FTA for the enhancement

#### **Annual Program Status Reports**

By October 31, grantees submit in TEAM-Web an annual program status report covering the 12 month period ending September 30 for each open Section 5310, 5316 and 5317 grant. Reports must include:

- Updated program of projects for each active grant that contains active projects reflecting revised project descriptions, changes in projects from one category to another, and adjustments within budget categories
- Revised milestones for activity line items (ALIs) that require milestones with grant submission (vehicle procurements and construction projects) and, for revised estimated completion dates, an explanation for the revision
- Budget revisions for changes in line item budgets
- Significant civil rights compliance issues
- Additional information requested by the regional office

#### **REFERENCE**

[49 CFR 18.40](#)

[FTA C 5010.1D](#), Ch. II, Section 3 and Ch. III, Section 3

[FTA C 9070.1F](#), Ch. VI, Section 17

[FTA C 9045.1](#), Ch. VI, Section 16

[FTC C 9050.1](#), Ch. VI, Section 16

#### **SOURCES OF INFORMATION**

Recently submitted reports will be reviewed in TEAM-Web to determine if they are submitted on time and include the required information. Grantees in UZAs with a population of at least 200,000 must submit with the 4<sup>th</sup> quarter MPR a listing of transit enhancement projects carried out in the preceding fiscal year with those funds. The reviewer will discuss the grantee's procedures for grant administration and review if written.

#### **DETERMINATION**

The grantee is deficient if its reports are consistently late.

The grantee is deficient if it submits the reports on time but does not include sufficient detail about schedule delays or omits other required information.

#### **SUGGESTED CORRECTIVE ACTION**

The grantee will be directed to submit to the FTA regional office procedures for submitting reports on time, by the due date of the next report and to submit the delinquent report(s) for the most recent reporting period.

The grantee will be directed to submit to the FTA regional office procedures for including all required information, including the missing narrative information in future reports.

**4. Are Federal Financial Reports (FFRs) submitted for each open grant at the required intervals (quarterly or annually) and on time? Is the form completed correctly for the following items:**

- a. *Cash on hand. If a positive balance is on hand at the end of the reporting period, is the amount reported and is an explanation included in the remarks section?*
- b. *Unliquidated obligations. How are they calculated? Are they reported correctly?*
- c. *Indirect expense. If indirect costs are charged to a grant, is this section of the FFR for that grant completed? Are the rates shown consistent with the approved cost allocation plan or indirect cost proposal?*

- d. *Program income. If program income is earned, is this section of the FFR completed?*
- e. *Certification. Does the grantee certify that the information is true, complete, and accurate to the best of its knowledge under the remarks and certification tab? Who certifies on behalf of the grantee?*

## EXPLANATION

FFRs accompany MPRs and program status reports. The FFR reports on the use of project funds using the standard Office of Management Budget (OMB) form.

As with the MPRs, public transportation providers in small urbanized areas (populations less than 200,000) submit FFRs annually, no later than 30 days after the end of the Federal fiscal year (by October 30). However, FTA, at its discretion, can require quarterly reporting. For Section 5309 grants that include facility construction projects, the reports are due 30 days after the end of each quarter. Public transportation providers in large urbanized areas (populations of 200,000 or more) are required to submit FFRs 30 days after the end of each quarter. Quarters are based on the Federal fiscal year, beginning October 1. By October 31, grantees submit FFRs annually for Section 5310, 5316 and 5317 grants. These reports should be submitted electronically using TEAM-Web.

Beginning with the third quarter reports due July 2010, grantees must report cash on hand and program income information.

- a. **Cash on hand** is the amount of ECHO draws not paid out or needed at the end of the reporting period for immediate reimbursement. The cash on hand amount should reflect immediate cash needs. If there is cash on hand, FTA requires an explanation in the remarks and certifications tab describing why drawdowns were made early or other reasons for the excess cash, if any. FTA may assess interest charges for excess cash held for more than three business days.
- b. **Unliquidated obligations** are binding commitments that have been entered into and for which expenditures have not yet been recorded because goods and services have not been received. Examples of these are: a signed contract for bus purchases for which delivery of vehicles has not yet occurred, a contract for construction services not rendered, open purchase orders, contract retentions, and unexpended portions of signed subrecipient agreements.

- c. **Indirect expense** is the amount of indirect costs charged to a grant. Information on the rate and amounts charged during the reporting period are to be entered on the FFR. The information should include the type of rate (whether it is provisional, predetermined, final or fixed), the rate being charged during the reporting period, the base amount to which the rate was applied, the indirect costs charged during the reporting period, and the Federal share amount of the indirect costs charged. The rate must be based on a previously approved cost allocation plan or indirect cost proposal.

- d. **Program income** is gross income received by the grantee or subrecipient directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period. Examples include income from (1) fees for services performed, (2) the use or rental of real or personal property acquired with grant funds, (3) the sale of advertising and concessions, and (4) the sale of commodities or items fabricated under a grant agreement. Program income does not include interest on grant funds; rebates, credits, discounts, refunds, etc., and interest earned on any of them; proceeds from the sale of real property or equipment; and farebox revenues.
- e. The grantee must certify in the remarks and certification tab of the FFR in TEAM-Web that the information submitted to FTA is true, complete, and accurate to the best of its knowledge.

## REFERENCE

49 CFR 18.41  
 SF-425  
 FTA C 5010.1D, Ch. III, Section 3  
 FTA C 9070.1F, Ch. VI, Section 17  
 FTA C 9045.1, Ch. VI, Section 16  
 FTC C 9050.1, Ch. VI, Section 16

## SOURCES OF INFORMATION

FFRs will be reviewed in TEAM-Web to see if they are submitted timely at the required intervals and to see if cash on hand, unliquidated obligations, indirect expense, and program income entries are reported. If there is a balance on the cash on hand line, an adequate explanation must be provided in the remarks and certification tab. If unliquidated obligations are not reported, progress reports will be reviewed to determine if they should be. If the grantee charges indirect costs to grants, it will be verified that the rates and amounts have been entered into the FFR. Program income will be discussed with the grantee.

## DETERMINATION

The grantee is deficient if it is not submitting FFRs for each open grant or is not submitting the reports timely at the intervals required.

The grantee is deficient if it is not reporting cash on hand or if there is an unexplained balance. The grantee is deficient if it is not reporting unliquidated obligations correctly. The grantee is deficient if it is not entering indirect expense information correctly. The grantee is deficient if it does not report program income. The grantee is deficient if it has not certified in the remarks and certification tab.

## SUGGESTED CORRECTIVE ACTION

The grantee will be directed to notify the FTA regional office when it has submitted the delinquent report(s) for the most recent reporting period.

The grantee will be directed to submit to the FTA regional office procedures for submitting reports on time.

The grantee will be directed to submit procedures to the FTA regional office for including all required information, including the missing information, in future reports.

5. *Are Section 5310 program measures reported annually?*
6. *Have designated and direct recipients of Section 5316 and 5317 funds submitted annual performance reports?*

## EXPLANATION

Designated and direct recipients of Section 5310, 5316, or 5317 assistance are required to report program measures to FTA. The requirement to report does not apply to insular areas (American Samoa, Guam, Northern Mariana Islands, and Virgin Islands).

The program measures for Section 5310 are:

- Gaps in service filled. Number of individuals who are eligible to receive service that is offered.
- Ridership. Actual or estimated number of rides (as measured by one-way trips) provided for individuals with disabilities and older adults on Section 5310 supported vehicles and services.

For each recipient of funds, report the recipient's address, names of counties served, estimated one way trips, and number of individuals eligible to be served. An information memorandum on FTA's website, that is referenced below, provides a report

template. Direct recipients pursuant to a supplemental agreement of funding may report on their own behalf.

The requirement to report on a project lasts throughout the useful life of the equipment or facilities funded with FTA assistance, even if the grant that funded the project is closed. Grantees may consolidate information for all projects into one report that is uploaded to TEAM-Web as part of the annual program status report of an open grant. The report is due by October 31 of each year and covers the twelve month period ending September 30.

Designated and direct recipients with active Section 5316 and/or 5317 projects, that is, projects that were "on the street" starting in Federal fiscal year (FFY) 2007 were required to report on activities of themselves and their subrecipients, regardless of the grant year(s) of the funds. If recipients did not have active Section 5316 and/or 5317 services during those time periods, they were not required to report. Designated recipients can report information on behalf of subrecipients or forward the reporting portal to subrecipients to allow them to enter information themselves. Direct recipients of funds transferred from a designated recipient should report directly. For FFY 2009 projects, reports should have been submitted via FTA's JARC and New Freedom Report Support Center by May 15, 2010. For FFY 2007 or 2008 projects, reports should have been submitted by August 7, 2009.

## REFERENCE

[FTA C 9070.1F](#), Ch. VI, Section 17  
[FTC C 9050.1](#), Ch. VI, Section 16  
[FTA C 9045.1](#), Ch. VI, Section 16  
[Information Memorandum re: Section 5310 Performance Measures Reporting](#)  
[JARC and New Freedom Report Support Center](#)

## SOURCES OF INFORMATION

Section 5310 annual reports in TEAM-Web. The desk review will determine whether reports have been submitted on time and include all of the required information. The reports will be discussed with the grantee during the site visit.

The [JARC and New Freedom Report Support Center list of recipients](#) will show grantees who were required to report FFY 2009 data, and follow up will occur during the site visit.

## DETERMINATION

The grantee is deficient if it did not submit program measures for the Section 5310, 5316 and 5317 programs. The grantee is deficient if it did not report on its activities and the activities of subrecipients for FFYs 2007, 2008 or 2009.



## SUGGESTED CORRECTIVE ACTION

The grantee will be directed to submit to the FTA regional office procedures for uploading data for future years and to upload the Section 5310 program measures for the most recently completed grant year.

The grantee will be directed to submit to the FTA regional office a procedure for reporting on active Section 5316 and 5317 projects.

7. *For grants received after October 1, 2010, did the grantee report subawards by the end of the month following the month it made the subaward?*

## EXPLANATION

All direct recipients of FTA grants and cooperative agreements over \$25,000 awarded after October 1, 2010, are subject to the requirement of the Federal Funding Accountability and Transparency Act of 2006 (FFATA). The Act requires recipients to report subaward information to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) at [www.FSRS.gov](http://www.FSRS.gov) by the end of the month, after the month in which they make any subaward under the grant. The reporting requirement does not include third party contract data at this time. Grantees must register on-line to use the reporting site. To register, the grantee must have a valid DUNS and current Central Contractor Registration (CCR). Subrecipients must also have DUNS but are not required to register in CCR.

Grantees must report the information about each first tier subaward over \$25,000 (funds passed through to other public agencies, private non-profit organizations or, where eligible as subrecipients, private providers of transportation) by the end of the month following the month the direct recipient makes any subaward or obligation (not the month after FTA awarded the direct grant). For example, if FTA awarded the grant in November and the grantee signed subrecipient agreements in February, the grantee would have until March 31 to report the subaward into FSRS. Once the grantee submits an initial report, it can revise it later to add additional subawards as they are made, or to change data previously submitted to reflect adjustments in subawards.

The U.S. Department of Transportation submits a file of all awards made the previous month on the fifth day of each month. Grantees will be able to view and report on subawards after the information is downloaded to FSRS. The new reporting requirement does not apply to awards made before October 1, 2010, so FTA awards made before FY2011 will not appear in FSRS.

Information and training materials about FFATA subaward reporting and FSRS are posted on [www.USASpending.gov/news](http://www.USASpending.gov/news). To receive new information on changes and updates to USASpending.gov as soon as it becomes available, subscribe by visiting [www.USASpending.gov/news](http://www.USASpending.gov/news) and adding your email address under the "What's New" section.

## REFERENCE

P.L. 109-282 Federal Funding Accountability and Transparency Act of 2006  
[Office of Management and Budget Open Government Directive - Federal Spending Transparency](#)

## SOURCES OF INFORMATION

This question will be asked of grantees awarded grants after October 1, 2010, and follow up will occur on site with the grantee.

## DETERMINATION

The grantee is deficient if it has not reported subawards over \$25,000 from grants awarded by FTA after October 1, 2010. The grantee is deficient if it has not reported sub-awards on time.

## SUGGESTED CORRECTIVE ACTION

The grantee will be directed to notify the FTA regional office when it has reported subawards to FSRS and to develop and submit to the FTA regional office procedures for reporting future sub-awards.

The grantee will be directed to submit to the FTA regional office procedures for reporting sub-awards to FSRS by the end of the month following the sub-award.

8. *What procedures are followed to ensure that projects are completed and grants closed on time? What is the status of all open grants? Are any grants ready for closeout?*

## EXPLANATION

FTA expects projects to be completed within a reasonable, specified time frame. For Section 5307 and 5309 projects, a good "rule of thumb" is to complete the project within the period of availability, which is the time funds are available for obligation. Once grant funds are past the period of availability, the ability to amend the grant to change the scope is limited, thus restricting the use of remaining grant funds to the original scope of the grant. For large, complicated construction projects, completing the project and closing the grant within the period of availability may not be feasible. Section 5310, 5316 and 5317 programs of projects should be implemented within two years of grant approval. FTA

may terminate and close out grants not implemented within two years and deobligate the funds. The following table shows the period of availability of funds for selected programs.

Period of Availability of Funds	
5307	Year of apportionment plus 3
5309 apportionment	Year of apportionment plus 3
5309 discretionary	Year of apportionment plus 2
5310	Year of apportionment plus 2
5311	Year of apportionment plus 2
5316	Year of apportionment plus 2
5317	Year of apportionment plus 2

Funds deobligated within the period of availability are available for reobligation to a new grant.

The grantee should initiate closeout with FTA within 90 days after all work activities for a program of projects (POP) are completed. A final FSR, budget, and, for Section 5316 and 5317 grants, POP are required at the time of closeout. It is not necessary to wait for the single audit before closing a grant.

Sometimes projects may not require the amount of funds originally requested and obligated and therefore funds may remain after the project is completed. The grantee may reprogram remaining funds to other projects. However, it should not excessively prolong the life of the grant. Frequently, grantees allow small balances in completed projects to delay project closeout. The grantee should have procedures for tracking project funds and reprogramming unused balances to other projects or closing out the projects.

Examples of good grant management practices include:

- Spend oldest funds first for on-going expenses such as state/program administration (financial purpose code (FPC) 6), operating assistance (FPC 4), ADA complementary paratransit (FPC 8), and preventive maintenance (FPC 0)
- Charge program administration expenses to generic accounts instead of directly to grants
- Tie third party contracts to projects, not grants
- Set project time limits (less than 2 years)
- Add new projects to older grants with available funds
- Transfer small remaining balances to new line items
- Deobligate project balances and reapply for funds (if within period of availability and allowed by the regional office)
- Regularly reconcile grant balances with those in TEAM-Web to the FPC level

- When funding a project out of multiple grants, develop a grant drawdown plan
- When funding a project out of multiple grants, charge retainage to the newest grant (and report it as an unliquidated obligation) to enable the closing of older grants

FTA is placing a priority on closing out grants for which activity has ceased. Grants that have been inactive for a substantial length of time also should be closed unless the grantee has a good explanation, and activity is likely to resume soon. Grant inactivity may be a result of delays in project implementation or lack of resources. If a grant has been delayed for a substantial period of time and the grantee does not have a reasonable explanation, FTA may determine that the funds should be deobligated and the grant closed. Occasionally, a project may be delayed indefinitely because of factors beyond the grantee's control. If there is no realistic chance of a project going forward, FTA will deobligate the grant funds and make them available for other projects that are ready to proceed.

## REFERENCE

[49 CFR 18.50](#)

[FTA C 5010.1D](#), Ch. III, Section 5

[FTA C 9030.1D](#), Ch. III, Section 4

[FTA C 9300.1B](#), Ch. III, Section 2, Ch. IV Section 3, Ch. V Section 2

[FTA C 9070.1F](#), Ch. III, Section 3, Ch. IV Section 6

[FTA C 9050.1](#), Ch. III, Section 7

[FTA C 9045.1](#), Ch. III, Section 7

## SOURCES OF INFORMATION

Policies and procedures for documentation of grant administration and closeout processes will be reviewed. For on-going expenses such as operating assistance and preventive maintenance, it will be determined if the grantee draws from the oldest funds first. Grants that are old, have small balances remaining, or have not had disbursement activity within the past six months will be identified and their MPRs and program status reports in TEAM-Web reviewed to identify major delays in projects. The status of grants will be discussed with regional office staff at the desk review. Some regional offices notify grantees when grants have been inactive for more than six months (e.g., have not had any disbursements). A schedule for closing all open grants will be requested.

Grant administration procedures, the status of each open grant, reasons why older funds were not spent first, any significant delays in project completion, the reasons for such delays, recovery plans, and project close dates will be discussed on site. The grantee should identify remaining project activities and the projected dates for project completion and grant closeout. The reviewer will determine if inactive grants

or grants with indefinitely delayed projects should be closed.

#### **DETERMINATION**

The grantee is deficient if it does not track projects, close out completed projects, reprogram unused balances to other projects or initiate grant closeout timely. The grantee is deficient if there are open grants that should be closed.

#### **SUGGESTED CORRECTIVE ACTION**

The grantee will be directed to either work with the FTA regional office to revise the grant budgets so that funds can be spent and drawn or deobligate and close the grants.

The grantee will be directed to submit to the FTA regional office procedures for spending older funds first, tracking projects, identifying project balances, reprogramming the unused project funds to other projects, and closing out the projects.

The grantee will be directed to work with the FTA regional office to deobligate the funds and close the grant if small amounts of funds remain in an inactive grant or if a project is indefinitely delayed.

**9. *Is the grantee's or a subrecipient's work force used in the execution of capital grant projects, including preventive maintenance? If yes:***

- a. *If the force account work equals \$10,000,000 or more, was a force account plan and justification submitted to FTA?*
- b. *Is a plan on file for force account work of \$100,000 or more but less than \$10,000,000?*

#### **EXPLANATION**

Work performed by the grantee's work force on capital projects, other than grant administration, that is included in an approved grant is "force account" work. Force account work may consist of design, construction, refurbishment, inspection, and construction management activities. Incremental labor costs from flagging protection, service diversions or other activities directly related to a capital grant may also be defined as force account work. Force account work does not include grant or project administration activities which are otherwise direct project costs. Force account includes major capital project work on rolling stock, including preventive maintenance activities.

If the cost of force account work is \$100,000 or more, reimbursement is subject to a grantee having a force account plan and justification. When the cost of force account work to be performed equals \$10,000,000 or more, prior FTA approval is required. When the cost of force account work to be performed is \$100,000 or more but less than \$10,000,000, a force account plan is required to be in the grantee's file. Use the full cost of the project, not just labor costs, when determining whether the project meets the threshold for a force account plan. Justification of a force account plan may be on the basis of cost, exclusive expertise, safety and efficiency of operations, or union agreement.

Force account plans are prepared at the project level. If a grantee is using multiple grants for the same project, then the grantee should have only one force account plan for the project and distribute the costs among the different grants in a reasonable allocation method documented in the force account plan.

To develop a force account plan for preventive maintenance activities, the grantee should add a budget and justification to its maintenance plan. (Overall maintenance plan contents are discussed in Section 5. Maintenance.)

The grantee must ensure that subrecipients that have force account work of \$100,000 or more have on file a force account plan and justification.

#### **REFERENCE**

[FTA Master Agreement](#), Section 15.h  
[FTA C 5010.1D](#), Ch. IV, Section 4.d  
[FTA C 9030.1D](#) Appendix E

#### **SOURCES OF INFORMATION**

Individual grant files will be reviewed at the regional office for force account plans for work that equals \$10,000,000 or more. Force account plans for work below this threshold but equal to or exceeding \$100,000 will be obtained from the grantee.

#### **DETERMINATION**

The grantee is deficient if FTA has not approved plans for force account projects that cost \$10,000,000 or more. The grantee is also deficient if force account costing between \$100,000 and \$10,000,000 are not supported by a proper force account plan and justification. The grantee is deficient if subrecipients do not have proper force account plans.

#### **SUGGESTED CORRECTIVE ACTION**

The grantee will be directed to develop and submit to the FTA regional office a force account plan and justification as detailed in FTA Circular 5010.1D for use of its own workforce on capital improvement projects. The grantee will be directed to obtain and submit to the FTA regional office subrecipients' force account plans.



10. *During the review period, did the grantee or a subrecipient use FTA capital assistance to finance the lease of any transit facilities or equipment? If yes, did the grantee submit the cost-effectiveness determination for prior FTA review?*

#### **EXPLANATION**

A lease may qualify for capital assistance if it meets the following criteria:

- The capital asset to be acquired by lease is eligible for capital assistance;
- There is or will be no existing Federal interest in the capital asset as of the date the lease will take effect; and
- Leasing the capital asset is more cost-effective than purchase or construction of the asset.

Grantees shall obtain FTA review of the cost-effectiveness determination prior to entering into any capital lease. Grantees should refer to the guidance in OMB Circular A-94 and obtain the most recent discount rate for the purpose of calculating the net present value of a future benefit.

#### **REFERENCE**

[OMB Circular A-94](#)

[49 CFR 639](#)

[FTA C 5010.1D](#), Ch. IV, Section 3.j

#### **SOURCES OF INFORMATION**

The desk review will determine if the grantee uses FTA funds to finance the lease of capital items and submitted the cost-effectiveness evaluation for prior FTA review. Projects will be reviewed in TEAM-Web and discussed with the grantee during the site visit.

#### **DETERMINATION**

The grantee is deficient if it did not submit the cost-effectiveness evaluation for prior FTA review.

#### **SUGGESTED CORRECTIVE ACTION**

The regional office will be consulted for deficiencies related to capital leasing. The grantee may be required to conduct a cost-effectiveness comparison if one is not on file, but FTA will determine if corrective action is possible or if Federal participation in the project must be withdrawn.

11. *How does the grantee ensure adequate technical oversight of capital projects such as construction, rolling stock and technology projects?*

#### **EXPLANATION**

The grantee must ensure continuous management of grant projects. Grantees are required to have a formal Project Management Plan (PMP) for all major capital projects. A major capital project is a project that: involves the construction, extension, rehabilitation, or modernization of a fixed guideway or New Starts project with a total project cost in excess of \$100 million or the Administrator determines it to be a major capital project based on criteria in 49 CFR Part 633.

Grantees with smaller capital projects, such as construction projects, rolling stock procurements, and technology projects, should have a mechanism for technical oversight of the project. Regular meetings between the project manager and contractor(s) should be held to review project status. Even though not required, some grantees have project management plans, especially for construction projects.

Many grantees that do not have the technical expertise or internal resources to manage large projects hire an architectural/engineering (A/E) or other consultant to serve as project manager or provide technical oversight. A grantee that is a county or city may rely on the county or city engineer to manage a construction project. The transit system's own maintenance and operations directors typically oversee the inspection and acceptance of rolling stock, sometimes with consultant support. A grantee's information technology (IT) department may oversee technology projects, also sometimes with consultant support.

When projects are implemented by an entity on behalf of a grantee, such as by a subrecipient or a management contractor, the grantee is ultimately responsible for and must ensure technical oversight of the project.

If project delays are the result of inadequate actions by the grantee or failure in performance by a contractor, there may be deficiencies in the grantee's technical oversight of projects. When delays are due to poor performance by contractors, examine how the grantee managed the delay and tried to improve performance by the contractor. Note that delays are not unusual in major construction and technology projects. For construction projects, land acquisition, zoning changes, environmental studies, weather, and other factors not under the complete control of the grantee may cause the delay.

#### **REFERENCE**

[49 USC Section 5327](#)

[FTA C 5010.1D](#), Ch. II, Section 3 and Ch. IV, Section 4

[FTA C 5800.1](#)

## SOURCES OF INFORMATION

MPRs are reviewed for discussions of delays. Project delays and project management concerns will be discussed with the regional office. Copies of project management plans and quality control procedures, if written, will be obtained. The grantee will be asked to describe its quality control procedures for construction projects, revenue rolling stock procurements, and technology projects. If the grantee contracts for such services, the scope of services of these contracts along with progress reports from the contractors will be reviewed.

## DETERMINATION

The grantee is deficient if capital projects have proceeded without proper quality control procedures.

The grantee is deficient if it has continuing problems with project delays. This is especially true if the organizational structure and actions of the grantee contribute to the problem.

## SUGGESTED CORRECTIVE ACTION

The grantee will be directed to submit to the FTA regional office project management procedures for existing or future projects to address deficiencies identified.

### 12. *How does the grantee monitor subrecipients, transit management or service contractors, and/or lessees to ensure compliance with FTA requirements?*

## EXPLANATION

Many FTA requirements flow through the grantee to subrecipients, transit management or service contractors, and lessees. The grantee is responsible for ensuring that these entities are aware of and comply with the requirements. Before expending any FTA funds on projects, the grantee certifies to FTA that it and others operating on its behalf (subrecipients, contractors and lessees) have met all statutory and program requirements. The grantee must have sufficient documentation to support the certifications to FTA.

The grantee must have an ongoing system to ensure that subrecipients, transit management or service contractors, and lessees adhere to Federal requirements. While FTA does not prescribe specific monitoring activities for ensuring compliance, it does expect the grantee to look behind certifications and assurances. FTA relies on each grantee to develop and implement effective systems for monitoring and ensuring compliance with requirements.

The issue of monitoring compliance with Federal requirements is a continuing, critical theme throughout the Triennial Review. In each review area, the grantee is asked to provide information on the specific mechanisms in place for monitoring compliance with the Federal requirements in that area. The examination under Technical takes an overall look at the systems in place for monitoring compliance with a range of Federal requirements. Appropriate systems may include:

- applications/requests for proposals
- monthly, quarterly or annual reports
- meetings
- site visits
- vehicle/facility inspections

Once an issue is discovered, FTA expects the grantee to follow up with the subrecipient, transit management or service contractor, or lessee to ensure that corrective action is taken. Efforts, including the following up on findings, should be documented. It is not necessary for the grantee to perform all of its monitoring functions in-house.

Large grantees may have written procedures for oversight of subrecipients, transit management or service contractors, or lessees. Smaller grantees may have informal oversight mechanisms, such as periodic meetings. FTA expects grantees with a significant number of subrecipients, transit management or service contractors, and/or lessees to have formal oversight mechanisms.

## REFERENCE

[49 CFR 18.37 and 18.40](#)  
[FTA Master Agreement](#), Section 2.e  
[FTA C 5010.1D](#), Ch. II, Section 3

## SOURCES OF INFORMATION

A sample subrecipient agreement, transit management or service contract, and lease. A sample of monthly, quarterly or annual reports, site visit checklists, and sample follow-up letters regarding compliance issues will be reviewed. Subrecipient(s), contractor(s) or lessee(s) may be visited during the site visit. Procedures will be discussed with the grantee at the site visit.

## DETERMINATION

The grantee is deficient if it does not have appropriate systems for monitoring compliance with a broad range of requirements or is not applying the resources required to carry out an effective monitoring program.

The grantee could be found deficient in its monitoring of a specific area but not deficient under Technical. Similarly, it could be found deficient under Technical, but not deficient in a specific area where it is effectively monitoring compliance with Federal requirements.

**SUGGESTED CORRECTIVE ACTION**

The grantee will be directed to submit procedures and a staffing plan to the FTA regional office to monitor other entities with responsibility for meeting FTA requirements.